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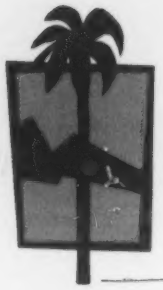
CALIFORNIA LODGING INDUSTRY
1989

Laventhol & Horwath
Leisure Time Industries Department



CALIFORNIA LODGING INDUSTRY 1989

by Saul F. Leonard
National Partner
Leisure Time Industries
Laventhol & Horwath

California again was one of the strongest U.S. lodging markets, with a 68.2 percent occupancy rate in 1988, almost 2 percent higher than the 66.3 percent national occupancy. The average daily rate was $61.78; chain-owned properties showed the highest occupancies of any category with a rate of 76.4 percent.

Profiling this year's typical California property (see data collection and analysis) shows an independent hotel as having under 150 rooms, an occupancy between 60-69 percent, an average room rate between $55.00 and $69.99 and restaurant operations with food and beverage sales greater than 50 percent of room sales.

Domestic travelers accounted for 86.5 percent of occupied rooms in 1988, while foreign travelers generated the remaining 13.5 percent (see Exhibit 1). The most business, 44.4 percent, was derived from guests traveling for leisure purposes, with business and government coming in second at 32.0 percent. The percentage of repeat business increased from 35.4 percent in 1987 to 37.8 percent in 1988. The percentage of conference participants fell from 17.8 percent to 15.3 percent, since conference trips are usually prearranged at a designated facility.

Operating margins continued to improve, with chain-owned properties being the best performers. However, as in previous years, continuing increases in the ratio of fixed charges to total revenues was the greatest negative factor. New products are still being built and escalating hotel development costs result in greater depreciation and interest charges, the prime contributors to these increased fixed charges.

The comments from around the state (on the next page) reflect the increasing size and diversity of California's lodging markets. This growth is expected to continue as California's economy expands.

Data Collection and Analysis

This is Laventhol & Horwath's seventh annual report on the California lodging industry. Data contained here provides hoteliers with an understanding of the operating characteristics of California's lodging market and is useful for analyzing trends in revenue and expenses over successive time periods. Information in this study has been derived from contributors to the 1989 editions of Laventhol & Horwath's *U.S. Lodging Industry, U.S. Resort Lodging Industry and Economy/Limited Service Lodging Industry.*

The information in this report is to be used as a guideline for comparing a single property with the California lodging market. It is not our attempt to set or conform prices or operating ratios for the industry.

This year we analyzed 123 properties. The sample closely parallels the overall industry and is similar to the California hotel industry's general composition, especially for the location, type and average room rate categories. Regarding the size category, our sample is slightly biased toward larger properties. Since the results published in this year's report are different from previous reports, it is apparent that past samples were even more biased toward larger, more expensive properties. These changes were made to provide hotel operators with an understanding of actual performance. Therefore, readers should be careful when comparing this report with previous editions.

Exhibit 1 presents data as means; other exhibits present medians, the middle value of all responses that have been arranged sequentially. Results have been analyzed individually, since all properties did not provide information for each line item. Results are based only on properties supplying data for a specific item.

Laventhol & Horwath thanks all lodging operators who contributed to this study. With the support of these and other operators, we will continue to produce this authoritative source of lodging information.

For additional information, contact, R. Britton Colbert, Los Angeles; Bruce L. Goodwin, San Diego; Rich Kipper, Orange County; and Conley Jay Scott II, Northern California. See attached card on back cover for a list of L&H's California offices.

COMMENTS FROM AROUND THE STATE

From the East Bay

The East Bay is comprised of the cities of Concord, Pleasant Hill and Walnut Creek to the north; San Ramon, Pleasanton, Dublin and Livermore to the east; and Oakland to the west.

Due to a surplus of land at attractive prices, lodging development has expanded. In fact, most lodging consultants would suggest that the East Bay market is currently oversupplied, causing occupancy and average daily room rates to be stagnant. However, the Berkeley/Emeryville area is a notable exception.

The 373-room, first-class San Ramon Marriott at Bishop Ranch, which opened in July 1989, is the latest property to be developed here. Located along Interstate-680, it is the only facility within the 585-acre Bishop Ranch Business Park and will negatively affect competitive supply. Until now, much of the demand generated from this park has been accommodated by properties in Walnut Creek, Concord or Pleasanton.

Performance levels in 1988 have been fairly stable in Oakland's downtown sector, the Oakland International Airport and the Berkeley area.

Presently, it appears that supply exceeds demand; however, the East Bay promises to grow due to competitive pricing in housing and office space.

Kathryn Ackley
San Francisco

From Los Angeles

This lodging market continued to perform well in 1988, reflecting the region's growing importance as a business and financial center. Los Angeles has seen a significant increase in foreign real estate investment, with Korean and Chinese investors targeting deluxe and luxury hotels in West Los Angeles/Beverly Hills. Strong submarkets in 1988 included: Downtown Los Angeles; Santa Monica; Los Angeles International Airport; Pasadena; West Los Angeles/ Beverly Hills; Long Beach; and Palm Springs/Coachella Valley. The following is a brief summary of these areas.

Downtown Los Angeles

The office market remained strong in 1988 as downtown Los Angeles continued to be an important financial hub for the West Coast. Hotel occupancy levels were about 70 to 74 percent, with a corresponding average daily room rate of approximately $90 to $94. Occupancy levels are anticipated to remain stable in 1989, with the average daily room rate increasing with inflation. In November 1988, the 487-room Hyatt Regency closed to renovate all of its public and meeting facilities; it is scheduled to open in September 1989.

Future growth in room demand is expected to be accommodated, since numerous projects are currently in the advanced planning stages. These include: the 196-room Checkers Hotel (opening in 1989); a 1,650-room Convention Center Hotel; a 398-room hotel at California Plaza; and two hotels in the Little Tokyo section, namely a 550-room hotel being developed by All Nippon Airways and a 400-room Miyako Hotel.

Santa Monica

The 1988 occupancy levels were about 80 to 84 percent, the highest in the Los Angeles area; the average daily room rate was approximately $90 to $94. This strong occupancy level reflects enormous pent-up demand due to the city's previous no-growth posture. City council has now moderated its development stance; thus, two new hotels were under construction in 1988, with an additional four planned, which will double the supply by 1991. Hotels currently under construction include the 252-unit Guest Quarters Hotel and the 184-unit Park Hyatt Hotel; they are to open by 1990 and 1991, respectively. The 350-room Loews Hotel recently opened; a 325-room hotel at Colorado Place, a 175-unit hotel on Ocean Avenue and the 148-room Sand and Sea, currently being redeveloped, are also proposed for the area. However, the city will limit future construction.

Los Angeles International Airport

Occupancy levels in 1988 were approximately 70 to 74 percent, with a corresponding average daily room rate of $65 to $69. The airport market continues to be strong due to its convenient location for corporate meetings. Since late 1987, a 148-room Marriott Courtyard, a 216-room (Compri) Hotel and a 106-room Rodeway have opened. Also scheduled to open by 1990 are a 130-room Hampton Inn and a 215-unit Embassy Suites Hotel. A 508-room Ramada Renaissance Hotel on the site of an existing Ramada Inn is also proposed.

Pasadena

Market conditions were stable in 1988, with occupancy levels of 75 to 79 percent and an average daily room rate of $70 to $74. Growth in room demand was limited due to tightened supply. No new hotels opened in 1988 and none is opening in 1989. However, the 363-room Doubletree Hotel is currently under construction and is scheduled to open in 1990. The redeveloped 280-room Huntington Hotel by Ritz-Carlton, scheduled to open by 1991, will also increase supply as will an all-suite hotel on the Elks Lodge site near the Norton Simon Museum.

West Los Angeles/Beverly Hills

This market had the highest hotel average daily room rate in 1988, $160 to $164; hotel occupancy levels were 70 to 74 percent. In 1988, three new hotels opened: the 74-room St. James's Club, the 375-unit JW Marriott and the 311-room Ma Maison Sofitel. In 1988, the Beverly Wilshire was partially closed because the main building was renovated; it reopened in early 1989. The 200-room Belvedere Hotel is currently under construction and is scheduled to open by 1991. These properties will further enhance the area's appeal as a premiere lodging destination.

Long Beach

Occupancy levels in 1988 were approximately 70 to 74 percent, with an average daily room rate of $75 to $79. Hotels near the Long Beach Airport achieved a 1988 occupancy level of approximately 75 to 79 percent and an average daily room rate of approximately $80 to $84. Located about nine miles east of downtown Long Beach, the airport is developing as a distinct market due to the service and room demand it accommodates. The 462-room Sheraton Long Beach at Shoreline Square opened in 1988; the 450-room Hilton Hotel, located at the Greater Los Angeles World Trade Center, is currently under construction and scheduled to open in late 1991. Proposed projects include two hotels that will be components of the Pike Project in downtown Long Beach and a hotel that will be part of a mixed use development near Long Beach Airport.

Palm Springs/Coachella Valley

This market continues to be a popular destination for national and Southern California groups and tourists. Occupancy levels in 1988 were approximately 55 to 59 percent, with average daily room rates ranging from $125 to $129. There is considerable interest in future development; a 560-room Stouffer Resort is under construction in Indian Wells and is expected to open by late 1990. A 3,000-room resort development in Indian Wells is also proposed.

John M. Toogood
Los Angeles

From the Monterey Peninsula

Monterey, an incorporated city on Monterey Bay and the Monterey Peninsula, is a popular tourist destination. It offers a variety of attractions including Cannery Row and the famous 17-mile drive, which bypasses Pebble Beach Lodge. The Peninsula also offers 12 championship golf courses which host many state and national tournaments.

California again was one of the strongest U.S. lodging markets, with a 68.2 percent occupancy rate in 1988.

The lodging supply includes over 170 facilities, such as bed and breakfast inns, economy, full-service, first-class and luxury resorts with a full range of recreational facilities. Area-wide occupancy levels for first-class and resort properties have been in the high-70s, with average daily room rates exceeding $100. However, occupancy levels dipped slightly in 1988 for selected properties due to an influx of new boutique properties. Located in the Cannery Row area, boutique properties have diluted demand for large properties, primarily in the tourist segment. Luxury resorts such as Pebble Beach and the Inn at Spanish Bay, however, have strong occupancy levels.

Currently, a moratorium restricts future lodging development. Growth in demand is estimated to continue at a steady, moderate pace. Occupancy levels are anticipated to improve over the next few years.

Susan Ernst
San Francisco

From Orange County

Recently, Orange County has successfully launched new hotel product concepts and has experienced some of the most dynamic hotel growth in the United States. The trend has been toward developing convention and tourist facilities in Anaheim, first-class hotels in the John Wayne Airport market, suite-type properties in Santa Ana and resort-oriented hotels in the Southern Coastal market. Substantial new hotel openings have created a large supply of quality accommodations; however, competition has heightened.

The economy is expected to grow at a healthy pace, as is demand for lodging accommodations. However, fewer hotels opened in 1988, signaling a cooling of the past hotel building boom. This is the market's response to increased competition and softening aggregate occupancy levels in several areas of the county—a trend expected to continue until the early 1990s. By then, the influx of rooms should be more fully absorbed, and market occupancy levels are expected to be higher. Additionally, the completed expansions in 1990 of the John Wayne Airport and the Anaheim Convention Center are expected to stimulate demand growth. A surge of coastal resort properties is also expected during the 1990s.

Anaheim

Orange County's largest lodging market experienced an estimated 72 percent aggregate occupancy level (hotels over 300 rooms and all-suite properties), down slightly from 1987. Area hoteliers attributed this to smaller, more cost-conscious convention groups. Anaheim also saw the opening of the 467-room Ramada-Maingate, two all-suite hotels and two all-suite hotels in neighboring Orange. Hotel openings in 1989 include the 230-room Hilton Suites-Orange and the 200-room Castle Inn. Market occupancy should remain in the low-70s during 1989, as recent room additions are absorbed, and average rates are expected to increase near the rate of inflation.

John Wayne Airport

Orange County's second largest lodging market experienced new hotel openings at the rate of 1,000 rooms per year from 1985 through 1987, more than doubling the rooms supply. Although demand for lodging grew at a strong rate, it was not sufficient to absorb supply. Consequently, market occupancy fell from the low-70s to the low-60s by 1987. In 1988, only one 250-unit all-suite hotel opened, and market occupancy rose to 64 percent. Future additions will be limited in 1989, with two properties opening near the end of the year, offering a total of 400 rooms. Market occupancy is expected to rise in 1989 and average daily rate growth is not expected to keep pace with inflation. The opening of the new terminal at the John Wayne Airport in April 1990 should stimulate demand for hotel rooms by nearly doubling passenger traffic through the airport.

Domestic travelers accounted for 86.5 percent of all occupied rooms in 1988.

Orange County Coast

The coastal resort market received attention in 1988, as three proposed resorts were announced with a total of 4,700 rooms planned for phased development over the next 10 years. Two popular resorts—the Ritz-Carlton Laguna Nigel and the Dana Point Resort—have drawn attention to the area. In fact, a Japanese firm bought the 350-room Dana Point Resort for $105 million or nearly $300,000 per room in July 1989, indicating that foreign investors are taking a growing interest in the area.

Sandra Louvier
Costa Mesa

From Sacramento

This lodging sector may be the primary leader in hotel development in Northern California in upcoming years. In 1988, the occupancy level was estimated to be in the high-60s—a level that was sustained despite additions to supply; the 502-room Hyatt Regency Hotel opened as did the 314-room Radisson Hotel, formerly the Woodlake Resort, which was renovated in 1988. Its support facilities and conference meeting space were extended as well.

Presently, two sectors will keep developers active: the Natomas area, which is along Interstate-5 at the confluence of the American and Sacramento Rivers; and the Capitol Mall project in downtown Sacramento.

The Natomas area is considered one of Sacramento's newest and fastest growing areas due to its proximity to downtown, Class A buildings, abundant parking and nearby housing. There is well over 1,000,000 square feet of office space in Natomas, with a vacancy factor of 18 percent in 1988. The vacancy factor in 1987 was 24 percent. Natomas accounted for over 19 percent of Sacramento's total office space absorption in 1987. Due to its strong, recent growth, hotel developers are looking at Natomas as a hot spot. The product that draws the most interest to date has been the all-suite property.

The Capitol Mall project, located in downtown Sacramento, covers a one-block area centrally located in the downtown area, and includes hotel, office and retail components. Spearheaded by the Sacramento Housing and Redevelopment Agency, the Capitol Mall project will be a major element to watch over the next few years.

Mark House
San Francisco

From San Diego

Annual occupancy in 1988 was above California and national averages, while the average daily room rate continued to exceed state and national averages. The county is experiencing strong growth in its rooms supply as well.

However, growth over the next few years is anticipated to slow. Occupancy levels are expected to decline slightly, since there will be additions to supply. Several years will, therefore, be needed to absorb increases in demand. Further, average daily rates are expected to rise to a level below that of inflation.

One of San Diego's most dynamic markets has been the downtown business core. Since 1984, it has experienced significant growth in full-service, first-class properties. This was driven primarily by the city's new convention center originally scheduled to open in 1987, now with a definite opening date of November 1989. The first major convention center bookings are scheduled for January 1990. Bookings for the years 1990-2000 already exceed original expectations; many are now optimistic about future occupancy.

The La Jolla/Golden Triangle market also has been expanding rapidly and is expected to do so this year, supported by an established and prestigious commercial/high-tech community.

Mission Valley, previously dominated by local and regional operators, has experienced an influx of nationally-recognized, chain-affiliated properties. While overall occupancy rates have remained stable, there has been a demand shift from older to newer properties. Market occupancy, therefore, is expected to fall slightly below current performance levels over the next few years.

Occupancies in the Mission, San Diego Bay and North County coastal areas remain strong, since year-round tourists are drawn to the favorable climate and abundant tourist attractions.

Resort properties continue to be a much sought-after commodity, and overall demand remains strong. The opening of the Sheraton Torrey Pines Hotel in late 1989 will mark the first of several golf-oriented destination resorts in the area.

Cybele Thompson
Dave White
San Diego

From San Francisco

The first half of 1988 was sluggish because commercial demand leveled off (caused by the October 1987 stock market crash) and new rooms weren't quickly absorbed. San Francisco's lodging facilities were forced to stimulate occupancy levels by enticing frequent independent travelers, low-priced tours and travel and discounted groups, while accommodating the escalating number of international tourists from the Far East and Europe. Accordingly, performance levels of a majority of properties recuperated in the second half of 1988 to achieve a stable, year-end, city-wide occupancy level in the mid-70s.

The Fisherman's Wharf area, the leader in this market, had a 1988 average daily room rate approaching $100. A tourist destination, this area is not significantly affected by business-related or economic downturns.

B+ hotels are one of the strongest products in terms of occupancy and average daily room rates. They cater to the corporate traveler, typically do not offer extensive meeting and convention space and are well-suited to capture more than their share of commercial demand. Most of the B+ hotels in San Francisco offer successful, "San Francisco" restaurants, such as Kuleto's in the Villa Florence Hotel and Postrio in the new Prescott Hotel. The successful reputation of these restaurants has further enhanced the appeal of this product.

The aggregate, city-wide average daily room rate increased $1 to $107 over the levels of mid-year 1988 and year-end 1987. The Nob Hill lodging sector sustained its position as the rate leader, with a year-end average daily room rate of $162. The Financial District achieved the most significant average daily room rate increase compared with year-end 1987, from $111 to $115. The relatively flat, city-wide average daily room rate can be attributed to discounting policies by a vast majority of facilities during the first six months of 1988. A moderate increase in city-wide performance levels is anticipated by year-end 1989.

Although approximately nine hotels are proposed for the city, the 1,500-room San Francisco Marriott has captured the attention of most industry analysts. Planned to open in late 1989, this hotel will cater primarily to state and national groups and the convention market.

Operating margins continued to improve, with chain-owned properties being the best performers.

The San Francisco airport hotel market has experienced significant decreases in occupancy and average daily room rates in 1988; occupancy for year-end 1988 was approximately 70 percent, a decrease of nearly 5 percent compared with 1987. Recent additions to supply, including the re-opening of the 791-room Hyatt (now a Hyatt Regency), is the major cause. The decline in commercial travel in the downtown market is also a contributing factor. However, occupancy levels should recover, since there will be limited additions to supply.

Mark House
San Francisco

From the Silicon Valley

This lodging market is experiencing strong growth in occupancies and average daily room rates, a trend expected to continue through 1989. This is due to the San Jose Redevelopment Agency's efforts to revitalize the downtown area and to continue industrial and commercial growth. Projects under construction during 1988 include: the 1.1 million-square-foot convention center, completed in April 1989, a children's discovery museum and the expansion of the San Jose Museum of Art. Discussions about developing a technology center and a $100 million sports and entertainment complex continue.

The lodging market added two new hotels here in 1988—the 230-room Sheraton Silicon Valley East in Milpitas and the 149-room Marriott Courtyard in Cupertino. However, the Sainte Claire Hotel's closing decreased the total rooms supply by 177. Growth in 1989 will be limited with the addition of the 100-suite Neighborhood Suites in Sunnyvale. The 1988 opening of the 226-suite Quality Suites has been delayed; the hotel is expected to open in late 1989 or early 1990.

During 1988, total room sales increased more than 6 percent from 1987, with an area-wide occupancy level at 67 percent, a 6.2 percent increase from 1987's level. This is due, in part, to new hotel additions (Milpitas and Cupertino) and continued growth in the valley's economy. As demand for rooms continues to increase rapidly, the average daily room rate should show consistent growth. The year ending December 1988 showed a 3 percent increase over 1987. Demand for room nights had grown at rates of 8 to 10 percent per year from 1979 to 1984. However, the economic downturn in 1985 and 1986 brought about the 5 percent negative growth in demand.

Demand growth is expected to continue at an average annual rate of 10 percent during the next five years. Fueling this will be the San Jose Convention Center. Expected growth in research and development and the profitability of Silicon Valley companies will also contribute to this demand growth.

Mary Jo Martin
San Francisco

Exhibit 1
Market Data*

	All Establishments	Size		
		Under 150 Rooms	150 – 299 Rooms	300-600 Rooms
Source of Business				
Foreign	13.5 %	13.0 %	10.4 %	19.5 %
Domestic	86.5	87.0	89.6	80.5
Total	100.0 %	100.0 %	100.0 %	100.0 %
Percentage of Repeat Business	37.8 %	41.3 %	34.3 %	35.2 %
Composition of Market				
Leisure	44.4 %	53.9 %	36.5 %	21.6 %
Business/Government	32.0	32.0	34.3	28.7
Conference Participants	15.3	8.6	18.5	34.5
Other	8.3	5.5	10.7	15.2
Total	100.0 %	100.0 %	100.0 %	100.0 %
Percentage of Guests with Advanced Reservations	66.5 %	59.3 %	67.1 %	90.1 %
Advanced Reservation Mix				
Direct Inquiry	51.2 %	59.1 %	39.8 %	39.8 %
Own Reservation Systems	17.4	12.5	26.1	21.9
Independent Reservation System	4.2	4.8	3.5	2.9
Travel Agents	15.1	15.6	14.5	14.6
Tour Operators	5.2	3.0	6.1	11.5
Hotel Representatives	6.1	4.4	8.2	9.2
Transportation Company	0.8	0.6	1.8	0.1
Total	100.0 %	100.0 %	100.0 %	100.0 %

* All amounts are means.

Exhibit 2
Sales Per Guest Day*

	All Establishments
Rooms	$49.10
Food & Beverage	22.40
Telephone	2.25
Minor Departments	1.28
Rentals & Other Income	0.50
Total	$74.28

* All amounts are medians and do not necessarily add to totals shown.

Exhibit 3
Occupancy, Guests Per Room and Average Room Rate*

	Occupancy	Number of Guests Per Occupied Room	Average Room Rate
All Establishments	68.2 %	1.64	$61.78
Affiliation			
Chain-Owned	76.4	2.00	$33.37
Chain-Leased	73.6	1.44	92.68
Chain-Managed	73.1	1.64	67.87
Chain-Franchised	65.0	1.56	56.70
Independent	64.6	1.52	68.26
Size			
Under 150 Rooms	66.2 %	1.71	$56.70
150-299 Rooms	65.7	1.83	63.01
300 Rooms & Over	71.9	1.57	72.47
Age			
Pre-1970	64.4 %	1.54	$65.26
1970-1979	74.5	1.88	53.40
1980 & After	69.2	1.65	63.57
Location			
Center City	68.7 %	1.57	$69.82
Suburban	66.5	1.62	52.81
Airport	71.5	1.83	52.15
Resort	63.5	1.48	73.67

* All amounts are medians.

Exhibit 4
Ratio to Total Sales*

	All Establishments	Affiliation			Location		
		Chain Owned	Chain Managed	Independent	Center City	Suburban	Resort
Annual Occupancy	68.2 %	76.4 %	73.1 %	64.6 %	68.7 %	66.5 %	63.5 %
Annual Room Rate	$61.78	$33.37	$67.87	$68.26	$69.82	$52.81	$73.67
Revenues							
Rooms	72.0 %	76.2 %	73.2 %	61.0 %	65.9 %	74.1 %	65.5 %
Food	22.4	25.4	16.4	26.1	21.2	17.9	25.5
Beverage	7.5	7.8	5.3	9.7	6.7	7.4	10.2
Other Food & Beverage	1.3	1.0	3.2	1.2	1.6	3.1	0.7
Telephone	2.5	2.3	2.7	2.3	2.5	2.6	1.7
Minor Operated	0.8	**	**	0.9	1.7	0.8	0.9
Rentals & Other Income	1.2	0.4	0.6	1.3	1.4	0.6	1.2
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Department Expenses							
Rooms	19.8 %	12.9 %	21.1 %	18.9 %	21.4 %	21.2 %	17.9 %
Food & Beverage	29.0	29.6	23.1	30.3	28.2	24.0	30.3
Telephone	2.1	0.5	2.4	2.2	2.2	2.3	1.7
Minor Operated	1.0	0.3	**	1.0	2.8	**	**
Rentals & Other Income	1.7	2.1	**	0.9	1.4	**	1.3
Total	40.1 %	27.7 %	45.1 %	47.4 %	46.5 %	40.1 %	42.9 %
Department Profit							
Rooms	55.6 %	71.9 %	47.8 %	46.0 %	49.2 %	56.3 %	53.8 %
Food & Beverage	3.2	2.6	2.8	3.2	2.3	4.7	3.0
Telephone	0.3	0.1	0.8	(0.1)	0.4	1.1	(0.1)
Minor Operated	0.1	(1.8)	0.3	0.0	0.4	0.3	(0.0)
Rentals & Other Income	**	**	**	**	**	**	**
Total	59.9 %	72.3 %	54.9 %	52.6 %	53.5 %	59.9 %	57.1 %
Undistributed Operating Expenses							
Administrative & General							
Payroll & Related	4.7 %	4.3 %	4.3 %	4.4 %	4.9 %	4.2 %	4.4 %
Other	6.9	6.8	6.0	7.3	6.1	8.6	6.3
Total	10.3 %	10.8 %	10.5 %	10.9 %	10.5 %	11.5 %	10.4 %
Marketing							
Payroll & Related	2.2 %	1.7 %	2.6 %	2.2 %	2.4 %	1.9 %	2.2 %
Other	4.3	1.1	4.2	3.8	4.0	4.8	4.7
Total	5.5 %	1.9 %	5.9 %	5.5 %	6.2 %	6.2 %	7.6 %
Energy Costs	4.0 %	4.8 %	4.0 %	3.6 %	3.7 %	4.5 %	3.4 %
Property Operations & Maintenance	5.1 %	6.0 %	5.3 %	5.9 %	5.5 %	5.3 %	4.9 %
Total Undistributed Operating Expenses	25.5 %	24.2 %	26.6 %	27.5 %	26.2 %	28.1 %	26.3 %
Income Before Management Fees	33.3 %	48.0 %	27.6 %	25.9 %	28.6 %	34.0 %	25.9 %
Management Fees (Base & Incentive)	3.9	4.3	3.9	3.3	3.9	4.0	3.0
Income Before Fixed Charges	30.9 %	46.3 %	23.5 %	25.4 %	25.5 %	32.5 %	24.9 %
Fixed Charges	32.5 %	29.8 %	35.5 %	23.8 %	32.8 %	23.8 %	28.8 %
Income Before Income Taxes	0.6 %	10.2 %	(17.0) %	(0.9) %	(7.8) %	4.6 %	5.6 %

* All amounts are medians and do not necessarily add to totals shown.

** Insufficient response

Exhibit 5
Amounts Per Available Room*

	All Establishments	Affiliation			Location		
		Chain Owned	Chain Managed	Independent	Center City	Suburban	Resort
Annual Occupancy	68.2 %	76.4 %	73.1 %	64.6 %	68.7 %	66.5 %	63.5 %
Annual Room Rate	$61.78	$33.37	$67.87	$68.26	$69.82	$52.81	$73.67
Revenues							
Rooms	$15,243	$9,631	$17,144	$15,920	$17,362	$13,793	$16,673
Food	5,923	6,275	5,152	8,920	7,168	5,027	9,030
Beverage	1,922	1,872	1,598	2,838	2,156	1,705	4,529
Other Food & Beverage	393	392	712	336	631	723	289
Telephone	574	809	883	597	614	492	558
Minor Operated	263	**	**	269	476	130	612
Rentals & Other Income	243	43	114	370	413	101	143
Total	$23,532	$10,418	$23,767	$29,286	$27,875	$20,015	$26,216
Department Expenses							
Rooms	$4,755	$2,406	$5,199	$5,449	$5,656	$4,261	$5,037
Food & Beverage	7,700	7,707	6,052	11,581	8,966	6,052	12,255
Telephone	468	89	628	540	570	447	483
Minor Operated	221	33	**	292	549	**	**
Rentals & Other Income	346	229	**	422	574	**	593
Total	$7,211	$2,854	$12,511	$11,786	$14,077	$7,101	$9,816
Department Profit							
Rooms	$10,957	$8,843	$11,367	$10,741	$11,320	$10,444	$11,987
Food & Beverage	818	626	998	1,387	623	1,047	906
Telephone	94	13	256	(16)	119	127	(87)
Minor Operated	26	(170)	59	20	60	70	(7)
Rentals & Other Income	**	**	**	**	**	**	**
Total	$12,286	$8,897	$12,268	$12,866	$12,867	$11,581	$14,454
Undistributed Operating Expenses							
Administrative & General							
Payroll & Related	$1,097	$699	$1,198	$1,377	1,572	$797	$1,175
Other	1,451	1,114	1,304	1,892	$1,602	1,396	1,869
Total	$2,221	$1,776	$2,479	$3,563	$3,422	$2,195	$3,246
Marketing							
Payroll & Related	$606	$481	$673	$757	$693	$346	$801
Other	1,176	110	1,009	1,195	962	791	1,824
Total	$1,420	$191	$1,569	$1,773	$1,535	$1,041	$2,453
Energy Costs	$940	$969	$897	$1,045	$1,036	$991	$949
Property Operations & Maintenance	$998	$951	$1,180	$1,608	$1,657	$932	$1,352
Total Undistributed Operating Expenses	$5,626	$3,078	$6,631	$7,826	$7,460	$4,968	$7,743
Income Before Management Fees	6,392	5,684	6,324	6,356	5,458	6,262	9,083
Management Fees (Base & Incentive)	902	636	931	1,000	1,036	891	888
Income Before Fixed Charges	$5,828	$5,172	$5,471	$5,407	$5,144	$5,669	$9,083
Fixed Charges	$5,862	$3,846	$10,404	$5,753	$5,735	$4,635	$8,194
Income Before Income Taxes	$433	$1,752	$(4,033)	$(54)	$(1,200)	$951	$1,069

* All amounts are medians and do not necessarily add to totals shown.

** Insufficient response.

Laventhol & Horwath
Leisure Time Industries Department

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